ABSTRACT

A method of monetizing a contract to supply a commodity from a supplier to a recipient is disclosed. According to one embodiment, the method includes transferring the contract to a first entity and revising the contract such that the first entity may provide the commodity to the recipient from sources other than specified in the contract. The method further includes establishing a second contract to supply the commodity from the second entity to the first entity, wherein the price of the commodity in the second contract is less than the price of the commodity in the revised first contract. In addition, the method includes guaranteeing, by a third-party guarantor, payment obligations of the first entity to the recipient arising out of the revised first contract and/or payment obligations of the second entity to the first entity arising out of the second contract. Additionally, the method includes offering debt securities from the first entity and paying, from the first entity to the supplier, proceeds from the offering for transfer of the contract to the first entity. Further, the method may include sufficiently funding a reserve account of the first entity to include funds to cover the debt service on the debt securities for a predetermined time period.